

Small Business Regulatory Fairness Board

Small Business Impact Statement

Date: June 23, 2016

Rule Number: 13 CSR 70-15.110

Name of Agency Preparing Statement: Department of Social Services

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Name of Person Approving Statement: Joseph Parks, M.D.

Please describe the methods your agency considered or used to reduce the impact on small businesses (*examples: consolidation, simplification, differing compliance, differing reporting requirements, less stringent deadlines, performance rather than design standards, exemption, or any other mitigating technique*).

This amendment provides for the State Fiscal Year (SFY) 2017 trend factor to be applied to the inpatient and outpatient adjusted net revenues determined from the Federal Reimbursement Allowance (FRA) fiscal year cost report to determine the inpatient and outpatient adjusted net revenues subject to the FRA assessment. The FRA assessment is effective beginning July 1, 2016. The change will be automatically implemented by MO HealthNet Division and requires no action for the providing hospitals.

The monthly amount of FRA may be offset or deducted from MO HealthNet payments to hospitals. This generally eliminates the administrative burden for hospitals of submitting checks to MO HealthNet on a monthly basis.

Please explain how your agency has involved small businesses in the development of the proposed rule.

The Division worked with the Missouri Hospital Association to determine the proposed amendment. Also, the proposed amendment will be filed with the Secretary of State's office and published in the Missouri Register where it will be open for comments for 30 days before a final rule will be published.

Please list the probable monetary costs and benefits to your agency and any other agencies affected. Please include the estimated total amount your agency expects to collect from additionally imposed fees and how the moneys will be used.

For State Fiscal Year 2017, the total FRA assessment projected to be collected from hospitals is approximately \$1.116 billion for SFY 2017 (July 1, 2016 – June 30, 2017). This is an increase of approximately \$28 million from SFY 2016. These fees will be used to maintain the current reimbursement rates and sustain reimbursement payments for hospitals participating in the MO HealthNet program. The federal government participates in the reimbursement to hospitals at a rate of approximately 63.228%.

Please describe small businesses that will be required to comply with the proposed rule and how they may be adversely affected.

Federal regulations require that healthcare provider taxes such as the FRA must be broad-based and assessed uniformly. All hospitals are required to pay the FRA for the privilege of doing business in the State of Missouri. The proposed amendment results in an increase in the total assessment collected; however, there will be no changes in the current collection process. As noted above, the increased FRA will fund the State share to sustain the current reimbursement for hospitals participating in the MO HealthNet program.

Please list direct and indirect costs (in dollars amounts) associated with compliance.

This proposed trend factor will increase the FRA Assessment by \$22.7 million of the approximately \$1.116 billion projected to be collected in SFY 2017. Since FRA is currently being collected, there should not be any new indirect costs associated with this change.

Please list types of business that will be directly affected by, bear the cost of, or directly benefit from the proposed rule.

Missouri hospital will be directly affected by the proposed amendment.

Does the proposed rule include provisions that are more stringent than those mandated by comparable or related federal, state, or county standards?

Yes___ No X

If yes, please explain the reason for imposing a more stringent standard.

For further guidance in the completion of this statement, please see §536.300, RSMo.